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80-1801

No. _____

IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

OVERSEAS RALEIGH MANUFACTURING, LTD.,

Petitioner,

v.

PAN AMERICAN WORLD AIRWAYS, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS OF THE STATE OF NEW YORK

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(10901)

QUESTIONS PRESENTED

(1) Did the New York State Courts erroneously rule that a Shipper's defense and counterclaim against an Air freight Carrier bottomed on common law fraud which did not attack the validity or reasonableness of the tariffs involved were nonetheless preempted and unavailable as a matter of law, perforce of federal statute and decision when, as judicially noted, the facts "virtually conceded" show:

> That the Carrier's (Pan American's) Director of Overseas Operations in order to have the Shipper (Raleigh) transfer its air freight business from another Carrier (KLM), misled the Shipper by deceptively representing that "there were applicable government order tariffs or special commodity tariffs from Frankfurt, that would fit his business and put it within the unit cost he was looking for" and thereby induced the Shipper to make a unit rate agreement, which agreement upon the termination of the air freight business many months thereafter, was then repudiated by the Carrier as contrary to its alleged Bucharest filed tariff kilo rates?*

*The unit rate agreement was made in Europe. Pan Am carried the merchandise by truck to Frankfurt and then by plane to New York.

(2) Was the Shipper's defense and counterclaim bottomed on the Air Freight Carrier's fraud properly rejected as matter of law, notwithstanding that the Federal Aviation Act (49 USC §1506) provides that "nothing contained in this Act shall in any way abridge or alter the remedies now existing at common law" and that "the provisions of this Act are in addition to such remedies"?

(3) Was summary judgment properly granted, without trial, against the Shipper for $293,558.32, the excess of the Bucharest kilo freight rate over the agreed Frankfurt shipment unit rate the shipper actually paid to Pan American?

INDEX

PAGE

QUESTIONS PRESENTED i

OPINIONS BELOW. 2

JURISDICTION. 5

FEDERAL STATUTE INVOLVED. 5

STATEMENT OF THE CASE 6

REASONS FOR GRANTING THE WRIT . . . 11

CONCLUSION. 19

APPENDIX

Opinion by HUGHES, J.
at Special Term
Dated March 27, 1979 . . . . . App. 1, 1a

Opinion by HUGHES, J.
at Special Term
Dated January 30, 1979 . . . . App. 2, 3a

Opinion and Judgment of
The Appellate Division
Dated January 17, 1980 . . . . App. 3, 9a

Opinion of Court of Appeals
Dated November 18, 1980. . . . App. 4, 17a

Order Denying Reargument
Dated January 21, 1981 . . . . App. 4, 21a

CASES CITED

PAGE

Adickes v. Kress & Co.,
398 U.S. 144, 157, 90 S. Ct.
1598, 26 L.Ed.2d 142 (1970). . . . 18

Hewitt-Robins v.
Eastern Freight-ways,
371 U.S. 84, 9 L.Ed.2d 142 (1962). 14, 15

Nader v. Allegheny Airlines, Inc.,
512 F.2d 527, revd. on other
grounds, 426 U.S. 290, 48 L.Ed.2d
643, 96 S.Ct. (1978) 12

Nat. Conv. Corp. v.
Cedar Bldg. Corp.,
23 N.Y.2d 621. 19

Universal Computer Systems v.
Allegheny Airlines, Inc.,
479 F.Supp. 639, 642, 543. 12

U.S. v. Bosurgi,
530 F.2d 1105, 1110 (1976) 18

STATUTE CITED

Federal Aviation Act,
49 USC § 1506. . . . . ii, 5, 12

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1980

No.

OVERSEAS RALEIGH MANUFACTURING, LTD.,

Petitioner,

v.

PAN AMERICAN WORLD AIRWAYS, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI
TO THE COURT OF APPEALS OF
THE STATE OF NEW YORK

Overseas Raleigh Manufacturing, Ltd. ("Raleigh") prays that a writ of certiorari issue to review the judgment of the Court of Appeals of the State of New York dated November 18, 1980, re-argument denied January 20, 1981, which

modifies the order of the Appellate Division by dismissing Raleigh's second and third counterclaims and affirms the dismissal of its defense bottomed on alleged fraud.

OPINIONS BELOW

The two opinions at nisi prius by Mr. Justice Hughes at Special Term hereto annexed (pp. 1a-8a, infra) are unreported. The initial opinion after noting that the facts are "virtually conceded" by Pan Am holds basically that "neither intentional nor accidental misstatement of the applicable tariff rates will bind carrier or shipper" and that "no act or omission of the carrier" can be asserted by way of estoppel even though the application of "these rules may seem inequitable" (p. 6a, infra). The second opinion denied summary judgment to the carrier Pan Am on the ground

that its agent Basso's "representation of a future filing of a special contract unit weight tariff" is "a question for the jury"* (p. 2a, infra).

The opinion at the Appellate Division hereto annexed (pp. 9a-16a; infra) is reported at 73 A.D.2d 879, Case No. 5; 424 N.Y.S.2d 1. That Court basically held that the shipper Raleigh in asserting its defense and counter-claim bottomed on fraud "is endeavoring to do indirectly that which it is barred by law from doing directly" (p. 15a, infra).

The opinion of the Court of Appeals hereto annexed (pp. 17a-21a, infra) is reported in 51 N.Y.2d 960; 435 N.Y.S.2d

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* Mr. Basso Pan Am's Director of Overseas Operations testified that he told the shipper Raleigh's representative that "there were applicable government order tariffs, or special commodity tariffs from Frankfurt that would fit his business and put it within the unit cost he was looking for" (pp. 9, infra).

703 and basically holds that "tariffs are binding upon shipper and carrier regardless of the shipper's lack of actual knowledge of their provisions" and sustains the "legal considerations, aptly articulated" by the Appellate Division (p. 20a, infra).

In seeking reargument we contended that neither in the Court of Appeals nor the Courts below "did we challenge the legal proposition that tariff rates are binding upon shipper and carrier regardless of the shipper's lack of actual knowledge of their provisions". We contended that "the gist of Raleigh's defense and counterclaim asserting fraud is that it relied on the statements of Basso Pan Am's Director of Overseas Operations" that there were special tariff rates in Frankfurt "that could be utilized to accommodate Raleigh's shipments" at unit rates; that Raleigh's

garments were thereafter trucked by Pan Am to Frankfurt and the agreed unit rates were then paid for many months thereafter until the termination of the parties relationship. Reargument was denied by the Court of Appeals on January 20, 1981 (p. 21a, infra).

JURISDICTION

The judgment of the Court of Appeals was entered on November 18, 1980. Reargument was denied on January 20, 1981 (p. 21a, infra). The petition for certiorari is filed within 90 days of that date. Jurisdiction is invoked under 28 USC § 1257 (3).

FEDERAL STATUTE INVOLVED

The Federal Aviation Act (49 USC § 1506) provides:

> §§ 1506. Remedies not exclusive. - Nothing contained in this Act shall in any way abridge or alter the remedies now existing at common law or by statute, but the provisions of this Act are in addition to such remedies. (Aug. 23, 1958, P.L. 85-726, Title XI, § 1106, 72 Stat. 798.)"

STATEMENT OF THE CASE

As the opinion at nisi prius indicates, the facts are "virtually conceded by plaintiff" Pan American World Airways, Inc. [Pan Am] (p. 5a*).

Raleigh imported clothing from Roumania. Its President, Henry Shapiro, travelling with an associate, Peter King, to Bucharest in February, 1976 on business (A-45**) were approached in flight by Joseph Basso, "Pan American's Director of Overseas Operations, Roumania." Basso was aware, according to Raleigh's President, that "we were interested in shipping freight from Roumania to the United States" (A-45) and that Raleigh was using the services of Royal Dutch Airlines (KLM), but was amenable to doing business with Pan Am

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* These page references are to the Court's opinion hereto annexed. All emphasis supplied, unless otherwise noted.

**These references are to the Petitioner's Appendix.

"on a unit price basis" for shipping its garments "in hanging containers" (A-45). Basso recognized Raleigh's need for a "unit rate arrangement"; Basso testified:

> "They needed, you know, to keep it within the unit cost, to, of course, to sell to their customers, I guess. It's easier to do that than to sell them cargo by kilo." (RA-13*)

At a meeting in Pan Am's office in Bucharest, further discussions were had (A-46). Raleigh's claim of fraud is bottomed on this testimony, given in discovery proceedings by Pan Am's Director of Overseas Operations, Mr. Basso, who admitted:

> "I told them there were applicable government order tariffs, or special commodity tariffs from Frankfurt, that would fit his business and put it within the unit cost he was looking for, that I would need more information, because they are not published tariffs in the common tariff manual. They are special tariffs that are usually found in manuals located at the destination points or origin points, which the common carriage encompasses." (RA-8)

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* These references are to the Respondent's Appendix.

Mr. Basso assured Raleigh's President that the goods were to be shipped in hanging containers and that after checking "with Frankfurt on the special tariffs" he would "get back to us" (A-47). Thereafter, Basso said he had been in touch with Pan Am's cargo expert in Frankfurt and that Pan Am could accommodate Raleigh's shipments "but at a rate slightly higher than $1.10 per unit" and that he had advised Pan Am's Frankfurt cargo man that Raleigh was dealing with KLM and that he [Basso] wanted to obtain the business (A-48). Evidently, Pan Am's Director of Overseas Operations had satisfied himself as to Pan Am's right to make a unit rate arrangement; he acknowledged:

> "We told Mr. Shapiro that we couldn't carry the suits for $1.10, but that -- I think we asked initially $1.40 or $1.35, and then we compromised at $1.25." (RA-10-11)

Equally significant is the fact that Pan Am paid all costs of trucking Raleigh's

garments from Bucharest to Frankfurt, from which the carrier shipped them by air freight to New York (A-49). Pan Am's representative Basso testified:

> "Q They were trucked to Frankfurt?
> A That's right.
> Q They were laid on the floor?
> A Yes." (RA-23-4)

Because of the controversy that later developed by reason of Pan Am's failure to make proper delivery of the garments on hangers, causing substantial expense to Raleigh (A-148-9), the parties came to a parting of the ways. Suffice it, in that connection, to note that Mr. Basso, Pan Am's Overseas representative, had reaffirmed the unit rate agreement:

> "I said to them, any business we started in the meantime, we would finish, any trucks, goods moving, we would carry all the stuff we were committed to.
> Q At the agreed upon rate?
> A At the agreed upon rate." (A-71)

The agreed unit rate, as the facts "virtually conceded" show, was paid and accepted "for many shipments made over a period of many months". (A-13)

It was only after the termination of this air freight business that Pan Am sued Raleigh alleging that between January 1, 1976 and February 2, 1977, Pan Am "rendered air freight services" at the defendant's special instance and request "as consignee thereof, at plaintiff's posted tariff rates in the aggregate amount of $802,349.84" against which Pan Am acknowledged the receipt of "payments in the aggregate sum of $553,510.81 leaving the aggregate sum of $248,839.03 due and owing". (A-124-5). The amount allegedly due and owing was designated by Pan Am as the "under collection amount". (A-128)

Defendant Raleigh, as already noted, by way of defense and counterclaim pleaded that it entered into the unit rate agreement perforce of the misrepresentation made to its President by Mr. Basso, Pan Am's Director of

Overseas Operations, that "there were applicable government order tariffs or special commodity tariffs from Frankfurt, that would fit his business and put it within the unit cost he [Raleigh] was looking for" (p. 3, supra).

REASONS FOR GRANTING THE WRIT

THE STATE COURTS ERRONEOUSLY RULED THAT COMMON LAW FRAUD ASSERTED BY THE SHIPPER RALEIGH, PETITIONER HEREIN, WHICH DID NOT CHALLENGE THE VALIDITY OR REASONABLENESS OF THE TARIFF RATES RELIED ON BY THE CARRIER PAN AM, WAS NONETHELESS BARRED AND PREEMPTED BY FEDERAL STATUTE AND DECISION.

THE GRANTING OF SUMMARY JUDGMENT IN FAVOR OF THE CARRIER WITHOUT A TRIAL WAS ERROR AND A DENIAL OF DUE PROCESS.

In the enactment of the Federal Aviation Program and the Act, Congress did not intend to provide for tort liability but particularly specified that "nothing contained in this Act shall in any way abridge or alter the remedies now existing at common law or

by statute" and moreover, "the provisions of this Act are in addition to such remedies" (Federal Aviation Act, 49 USC § 1506). See also, Nader v. Allegheny Airlines, Inc., 512 F.2d 527, revd. on other grounds, 426 US 290, 48 LEd2d 643, 96 S Ct 1978.

Indeed this Court in Nader forecast the result and determination here sought (Cf. Universal Computer Systems v. Allegheny Airlines, Inc., 479 F. Supp. 639, 642, 643). Here petitioner Raleigh did not challenge the reasonableness or validity of Pan Am's filed kilo tariff rates for shipment from Bucharest.

As the facts "virtually conceded" show, Basso, Pan Am's Director of Overseas Operations, represented that "there were applicable government order tariffs or special commodity tariffs from Frankfurt, that would fit his business and put it within the unit cost he

was looking for" which "are not published tariffs in the common tariff manual" since they "are special tariffs that are usually found in manuals located at the destination points or origin points, which the common carriage encompasses" (RA-19) and evidently having checked into the matter as the Court at Special Term noted "Basso offered a unit rate for the shipment of its [Raleigh's] merchandise" and "Raleigh agreed and commenced making all of its shipments via plaintiff" (p. 5a, infra). Accordingly, Pan Am trucked Raleigh's garments to Frankfurt at its cost, from which they were shipped to New York (RA-20). Raleigh paid the unit rate which Basso acknowledged was "compromised at $1.25" (RA-10-11); (p. 8, supra).

In asserting its claim of common law fraud which induced Raleigh to enter into the unit rate agreement that Pan

Am subsequently repudiated, petitioner manifestly did not challenge the validity or reasonableness of Pan Am's filed Bucharest tariff rates for shipment to New York which were asserted and the basis upon which Pan Am was granted summary judgment for the excess of those rates over the unit rate contracted for and paid for the shipments from Frankfurt.

The situation here is unprecedented. Judicial reasoning sustaining our position is found in Hewitt-Robins v. Eastern Freight-ways, 371 US 84, 9 L Ed2d 142 (1962), treating with the provision of the Interstate Commerce Act, which also requires the filing of tariffs for land freight shipments. The issue there presented also involved the right to bring a common law action which it was claimed was barred by the Act. As the opinion indicates, "No attack is made upon either of the carrier's published

tariffs -- both are admittedly reasonable" (371 US at p. 86; 9 L Ed2d at p. 145). This Court held that "the survival of a damage claim for misrouting appears entirely consistent with the Act" and ruled:

> "This conclusion is buttressed by the fact that the allowance here of a damage action nowise hampers the efficient administration of the Act, unlike the allowance of such an action as to unreasonable rates. A misrouting claim does not jeopardize the stability of tariffs or of certificated routes, the sole issue being whether the carrier routed the shipment over the cheapest available route, or made a showing or adequate justification for not doing so. Moreover, the allowance of misrouting actions would have a healthy deterrent effect upon the utilization of misrouting practices in the motor carrier field, which, in turn, would minimize 'cease and desist' proceedings before the Commission. Finally, and not to be overlooked, the absence of any judicial remedy places the shipper entirely at the mercy of the carrier, contrary to the overriding purpose of the Act. The allowance of such actions would, on the contrary, give neither an unfair advantage." (371 US at p. 88, 9 L Ed2d at p. 146).

It is equally clear that to bar Raleigh's claim "bottomed on fraud" likewise operates to place the shipper, in the language of the foregoing authority,

"entirely at the mercy of the carrier", and we add, serves to place an enormous penalty upon the victim rather than the wrongdoer.

Moreover, the sanctioning of such common law claim of fraud and the recognition of the right to assert it, again to borrow from the foregoing authority, "would have a healthy deterrent effect" upon the carrier to refrain from the fraudulent practices for which it not only has received immunity by the dismissal of Raleigh's fraud claim, but has substantially profited thereby.

This case, we submit, finds no parallel or judicial precedent for the philosophy voiced by the New York Courts that a claim of fraud such as here asserted and established by facts "virtually conceded", must be rejected because to do so will enable Raleigh "to do indirectly that which it is barred by law from doing directly" (p.15a, infra).

Petitioner's claim of fraud presented triable issues that should not have been disposed of by summary judgment.

No affidavit of Basso or any other official of Pan Am was submitted negating petitioner's claim and charge of fraud. Raleigh's president asserted, and it was not denied, that "not one single air waybill upon which Pan Am seeks to recover reflects that the goods travelled from Frankfurt" (A-53). This was substantiated by petitioner's predecessor counsel who stated under oath that he "personally checked each air waybill submitted by Pan Am" and "not one shows Frankfurt as the City of departure" and moreover each states that the "shipping charges were prepaid by Raleigh" and that "such acknowledgement of prepayment is in the nature of a receipt" (A-71).

Yet summary judgment was granted without a trial against the shipper for

$293,558.32, the excess of the Bucharest kilo freight rate over the agreed Frankfurt shipment unit rate that the shipper actually paid and which was accepted by Pan Am under the contract it induced petitioner to make.

Summary judgment is a drastic remedy; it does not entitle the court to try issues of fact. On such application the court is limited to deciding whether there are triable issues and in making that determination it must resolve all ambiguities and draw all reasonable inferences in favor of the party against whom summary judgment is sought. The moving party has the burden to demonstrate the absence of any factual issue (Adickes v. Kress & Co., 398 U.S. 144, 157, 90 S.Ct. 1598, 26 L.Ed.2d 142 (1970); U.S. v. Bosurgi, 530 F.2d 1105, 1110 (1076)).

Moreover, under the modern doctrine recognized by the New York Court of

Appeals "a fraudulently expressed statement of the law" is actionable (Nat. Conv. Corp. v. Cedar Bldg. Corp., 23 N.Y.2d 621). Petitioner's claim of fraud against Pan Am would have been sustained except for the erroneous conclusion, as we have demonstrated, reached by the New York Courts that it was barred and preempted perforce of federal statute and decision.

CONCLUSION

The question here presented as to whether the shipper's claim of fraud is barred by federal statute and judicial decision thus imposing a penalty upon the victim rather than the wrongdoer we respectfully submit is of sufficient national importance and magnitude to warrant review by this Court.

Respectfully submitted,

Samuel Gottlieb
Attorney for Petitioner

APPENDIX

OPINION AT SPECIAL TERM

BY

MR. JUSTICE THOMAS J. HUGHES

DATED MARCH 27, 1979

Upon the foreging (sic) papers this Motion by plaintiff for further summary judgment by dismissing the three counterclaims of defendant Overseas Raleigh Manu. Ltd. and for other relief. Previously summary judgment was granted to plaintiff against this defendant based upon the underpaid sum of money due under plaintiff's published tariff rates, with the entry of judgment held in abeyance pending determination of the counterclaims. Summary judgment is denied on the first counterclaim as the issue whether the alleged statements by plaintiff's representative of a future filing of a special contract unit weight tariff is a

representation of fact or a promise or opinion, which is a question for the jury (Quinlan v. Consol. Edison Co., 26 A D 2d 913). Summary judgment is also precluded on the second and third counterclaims as there is an issue of fact whether a special contract for unit weight was entered into, its terms, and the amount of damages, if any. The entry of the judgment previously rendered to plaintiff shall be further held in abeyance pending a trial resolution of the counterclaims. Settle order.

OPINION AT SPECIAL TERM

BY

MR. JUSTICE THOMAS J. HUGHES

DATED JANUARY 30, 1979

Motions numbered 120 and 130 on the calendar of December 28, 1978 are consolidated for disposition. Defendant Kowa American Corp. (Kowa) moves for summary judgment dismissing plaintiff's complaint as to movant. Plaintiff moves for summary judgment against Overseas Raleigh Manufacturing, Ltd. (Raleigh) and requests that its claim against Kowa be severed.

In its complaint against both defendants, it is alleged that plaintiff provided air freight services to defendants, as consignees, at their special instance and request. Defendant Kowa

has established, by the testimony of plaintiff's own employees, that it had never requested plaintiff to provide any air freight service. Not one of the dozens of air waybills provided by plaintiff name Kowa as consignee. Accordingly, Kowa's motion is granted and the complaint against it dismissed. This determination, however, is not to be considered a final judgment on the merits, and is not intended to bar a new action which may be timely commenced by plaintiff employing a different theory of liability (Cf. Kavanau v. Virtis Co., 32 A.D. 2d 754 [1st Dept. 1969]).

Plaintiff's action seeks the excess of its air freight charges for many shipments made over a period of many months over the amount actually paid.

Defendant Raleigh's chief defense, the facts of which are virtually conceded by plaintiff, is that Joseph Basso, plaintiff's Director of Overseas Operations in Roumania, negotiated with Raleigh in an attempt to have Raleigh transfer its air freight business from another airline to plaintiff. As a result of such negotiations, Basso offered plaintiff a per unit rate for the shipment of its merchandise. Raleigh agreed and commenced making all of its shipments via plaintiff. The agreed unit rate was all Raleigh ever paid, regardless of the fact that many of plaintiff's bills were for a larger amount. Plaintiff counters by arguing that Basso's actions were entirely without authorization and, in any event, the tariff (schedule of rates) promulgated by the Civil Aeronautics Board determined

the rate which the carrier must charge and the shipper must pay regardless of any purported agreement to the contrary. Plaintiff's position is correct. The rates imposed by the applicable tariff are not rates merely imposed by the carrier but are rates imposed by law. Estoppel may not be invoked as a defense against an action brought for the payment of charges based on tariff rates, and neither intentional not accidental misstatement of the applicable rates will bind carrier or shipper. No act or omission of the carrier can estop or preclude it from enforcing payment of its charges computed on tariff rates. See United States v. Associated Air Transport, Inc., 275 F. 2d 827 (5 Cir. 1960), and the cases and authorities therein assembled. While the application of these rules may seem inequitable

in a given instance, it is clear that they are necessary if the public policy of establishing equal charges by all carriers is to be implemented. Since defendant Raleigh does not controvert plaintiff's computation under the tariff of the charges which are the basis of this action, the Court has no choice but to grant plaintiff's motion for summary judgment against Raleigh.

Raleigh, however, has asserted various counterclaims, including one grounded in fraud based on Basso's misrepresentations. Since no motion has been directed to the counterclaims, the Court will make no determination as to their sufficiency on merit. The entry of plaintiff's judgment on its cause of action against Raleigh shall be held in abeyance pending determination of

Raleigh's counterclaim (CPLR 3212[e]; Gunsberg v. Cantor, 24 AD 2d 999 [2nd Dept. 1965]).

Settle order.

PAN AMERICAN WORLD AIRWAYS, INC.,

v.

OVERSEAS RALEIGH MANUFACTURING, LTD., et al.

73 A.D. 2d 879

424 N.Y.S. 2d 1

Order of the Supreme Court, New York County, entered April 20, 1979 denying plaintiff's motion to dismiss defendant's three counterclaims modified, on the law, without costs, to the extent of dismissing the first counterclaim and reducing the second and third counterclaims by the sum of $248,839.03 and otherwise affirmed. Order of the Supreme Court, New York County, entered February 14, 1979 granting summary judgment to plaintiff in the sum of $248,839.03, with interest thereon from February 2, 1977 and holding

the entry of judgment in abeyance pending the determination of defendant's counterclaims modified, on the law, without costs, to stay only so much thereof as the amount sued for in defendant's second and third counterclaims exceeds the amount of plaintiff's judgment, and otherwise affirmed. Plaintiff (Pan Am), an overseas airfreight carrier, sues to recover for charges incurred in the shipment of clothing by defendant Raleigh from Roumania to New York. The total charges, according to plaintiff's posted tariffs, was $802,349.84. Payments aggregating $553,510.81 were made on account, leaving due a balance of $248,839.03. Pan Am instituted this suit to recover that balance. Raleigh contends that prior to the entry into the agreement of carriage with Pan Am it shipped the clothing manufactured

for it from Roumania to New York via KLM. It asserts that during its negogiations with Pan Am, Raleigh made clear that it would be willing to transfer its shipping business from KLM to Pan Am only if Pan Am could better the KLM price. Ultimately, claims Raleigh, a unit price agreement was entered into under which Pan Am was to charge $1.25 per unit for suits and $1.00 per unit for blazers. It is undisputed that Pan Am's filed tariff provides only for shipment by weight. To bring the unit charge within the required tariff Pan Am and Raleigh arrived at the weight of an average container. By apportioning the weight of that container among suits and blazers in a fixed ratio, Pan Am was able to arrive at a unit cost consistent with its filed weight tariffs. However, the reckoning of the average

container weight proved faulty because Raleigh shipped a disproportionate number of the substantially heavier suits. Hence, the airway bills which were based on weight only, in accordance with Pan Am's tariffs, were considerably higher than they would have been had they been based upon the unit price. Raleigh was billed for the balance of $248,839.03. When it refused to pay, Pan Am instituted this suit. In addition to denials and affirmative defenses, Raleigh interposes three counterclaims. The first is bottomed on alleged fraud and demands damages of $248,839.03, the precise amount sued for by Pan Am. The second counterclaim avers that Pan Am agreed to trasport all shipments simultaneously delivered to it in the same aircraft, that it hang all such goods in special containers and that it failed to do so with

resultant damage to Raleigh in the sum of $350,000. The third and final counterclaim is a reiteration of the second with a change of theory from that of breach of contract to negligence. Following completion of discovery Pan Am moved for summary judgment. That motion was granted. However, Special Term stayed the entry of judgment pending disposition of the counterclaims. Raleigh appeals from so much of the order as granted summary judgment while Pan Am cross-appeals from so much of the order as stayed the entry of judgment pending disposition of the counterclaims. Thereafter Pan Am moved to dismiss the counterclaims. That motion was denied by Special Term and Pan Am has appealed therefrom. Under the Federal Aviation Act (US Code, tit 49, § 1301 et seq.) all air carriers, foreign and domestic,

are required to file tariffs with the Civil Aeronautics Board (US Code, tit 49, § 1373, subd [a]) and no shipper "shall knowingly pay, directly or indirectly *** any greater or less or different compensation for air transportation of property, or for any service in connection therewith, than the rates, fares, and charges specified in currently effective tariffs applicable to such air transportation" (US Code, tit 49, § 1373, subd [b], par [2]). A tariff filed in compliance with the law constitutes the contract of carriage between the parties (Vogelsung v. Delta Air Lines, 302 F2d 709, cert den 371 US 826). It is "the sole standard for services to be rendered and charges assessed and collected". (United States v. Associated Air Transp., 275 F2d 827, 832.) If follows therefrom that re-

gardless of any contract alleged to have been made between the parties plaintiff was required to collect and defendant to pay the charges specified in the appropriate filed tariffs. Accordingly, the motion for summary judgment was properly granted. With respect to the counterclaims it is apparent that Raleigh is endeavoring to do indirectly that which it is barred by law from doing directly. The first counterclaim seeks recoupment of the exact amount sued for based upon the assertion of fraud and deceit. From the bill of particulars it is plain that the sum for which Pan Am recovered judgment is part of the second and third counterclaims as the "Difference between the amount claimed by plaintiff and cost otherwise available to Raleigh". Since this item of $248,839.03 may not be used as a setoff

it is not available as a counterclaim. Thus, the first counterclaim must be stricken as must so much of the second and third counterclaims as include this sum as an item of damage. In light of the striking of the first counterclaim and so much of the second and third counterclaims as seeks recovery of the sum of $248,839.03, the stay contained in the order entered February 14, 1979 must be modified accordingly.

Dated January 17, 1980

STATE OF NEW YORK

COURT OF APPEALS

----------X

No. 534

PAN AMERICAN WORLD AIRWAYS, INC.,

Respondent-Appellant,

v.

OVERSEAS RALEIGH MANUFACTURING., LTD.,

Appellant-Respondent.

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PAN AMERICAN WORLD AIRWAYS, INC. v. OVERSEAS RALEIGH MANUFACTURING, LTD., 51 N.Y. 2d 960 435 N.Y.S. 2d 703

(534) Samuel Gottlieb, Milton Shalleck & Shelley L. Wallace, NY City, for cross-appellant Overseas Raleigh,

John L. Conners, NY City, for Pan Am as cross-appellant.

Jacob Oliner, NY City, for

Pan Am as respondent.

MEMORANDUM:

On cross-appeals, the resettled order of the Appellate Division should be modified to dismiss the defendant's second and third counterclaims in their entirety and to vacate the stay of the execution of the judgment granted to the plaintiff, and it is otherwise affirmed, with costs to the plaintiff. Accordingly, the question certified is answered in the negative.

The second counterclaim, for breach of contract, alleges the defendant shipper was damaged by plaintiff carrier's breach of an agreement to transport the goods on one aircraft and on one waybill and to hang them in special containers.

The third counterclaim in essence casts the same charge in a negligence pleading mold. It is a complete and dispositive answer to each of these counterclaims that no written notice of claim was presented by the defendant within the time limitations called for by Rule 23 B of the tariffs plaintiff, as an air carrier, was required to file pursuant to federal law (see Federal Aviation Act of 1958, 49 USCA §130 1 et seq). Constituting the written contract of carriage under a regulatory scheme in which Congress has preempted this field (Crosby & Co. v. Air France, 76 Misc 2d 990, affd 42 AD 2d 1050, cert den 416 US 486; Lichten v. Eastern Airlines, Inc., 189 F 2d 939, 941), the tariffs are binding upon shipper and carrier, regardless of the shipper's lack of actual knowledge of their provisions

(see Butler's Shoe Corporation v. Pan American World Airways, Inc., 514 F 2d 1283; Tishman & Lipp, Inc. v. Delta Air Lines Inc., 275 F Supp 471, affd 413 F 2d 1401).

Similar legal considerations, aptly articulated in so much of the Appellate Division's memorandum as dismisses the first counterclaim and upholds Special Term's grant of summary judgment on the plaintiff's affirmative cause of action, compel us to support those determinations.

****

Order modified, with costs to plaintiff, in accordance with the memorandum herein and, as so modified, affirmed. Question certified answered in the negative. All concur.

Decided November 18, 1980

1 Mo. No. 1364 PAN AMERICAN WORLD AIRWAYS, INC., Respondent, v. OVERSEAS RALEIGH MANUFACTURING, LTD., Appellant.	Motion for re-argument or for amendment of remittitur denied with twenty dollars costs and necessary reproduction disbursements.

Dated January 21, 1981